

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>01</u> <u>012</u>	2. STATE: <u>R.I.</u>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <u>7/01/01</u>	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: <u>42 CFR 447.253</u>	7. FEDERAL BUDGET IMPACT: a. FFY2001 <u>\$ 1,233,815.</u> b. FFY2002 <u>\$ 4,812,314.</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <u>Attachment 4.19D, page 15</u>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <u>Attachment 4.19D, page 15</u>

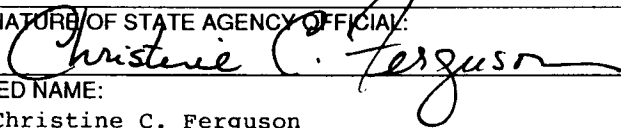
10. SUBJECT OF AMENDMENT:

Principles of Reimbursement for Nursing Facilities

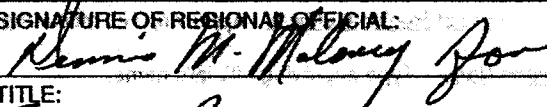
11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
See attached letter

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Dorothy Karolyshyn Department of Human Services 600 New London Avenue Cranston, RI 02920
13. TYPED NAME: <u>Christine C. Ferguson</u>	
14. TITLE: <u>Director</u>	
15. DATE SUBMITTED: <u>7/20/01</u>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: <u>7-20-01</u>	18. DATE APPROVED: <u>8-8-01</u>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME:	22. TITLE: <u>RONALD PRESTON, ARA, DMSO</u>
23. REMARKS:	

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5. Commencing with the State fiscal year beginning July 1, 1994 and each State fiscal year thereafter, excluding however the rate year July 1, 1996 through June 30, 1997, the annual percentage increase will be applied to all cost centers excluding the \$18.97 and the \$15.00 ceiling maximums identified in paragraph b. Above entitled "Other Property Related Expenses" to determine new cost center ceilings. Commencing July 1, 1994, excluding however the rate year July 1, 1996 through June 30, 1997, individual facility cost center rates, excluding the cost center rate for Other Property Related Expenses Cost Center, will be adjusted annually by the amount of percentage change in the National Nursing Home Input Price Index for the twelve (12) month period ending the previous March. The amount of percentage change to be utilized will be the index as projected by the Centers for Medicare & Medicaid Services on the first date it is available in the month of May each year. Although the index may be obtained initially by telephone, it will be confirmed in writing.
6. For State fiscal year ending June 30, 2002, there shall be added an additional per diem increase equal to three dollars and seventy-one cents (\$3.71) per day to each nursing facility's Medicaid per diem rate. This increase will be in addition to the July 1, 2001 inflationary increase provided by paragraph 5 above.

The additional per diem must have been or must be expended by the nursing facility to increase wages and/or staffing; pay payroll taxes and workers' compensation on such payroll; and, enhance, expand or maintain new and existing fringe benefits. The additional per diem increase shall remain in the facility's rate after June 30, 2002 and until the facility's rate is recalculated after its next base period, to the extent it will have actually been expended by the nursing facility to increase wages and/or staffing; pay payroll taxes and workers' compensation on such payroll; and enhance, expand or maintain new and existing fringe benefits prior to July 1, 2002. As defined herein, any amount of this per diem not expended for these reasons shall be subject to retroactive repayment to the State during the two (2) six (6) month base periods described herein. In order to determine that the amounts provided in the additional per diem are expended on labor related costs, each participating nursing facility shall submit a six (6) month labor report, on forms to be provided by the rate setting unit, for the six (6) month periods ending December 31, 2001 and June 30, 2002. Said six (6) month report(s) shall be filed by March 31, 2002 and September 28, 2002, respectively, and no extensions of time shall be granted.

In the event it is determined that a facility either has not expended the per diem in the manner described above or has failed to file a timely report, a retroactive adjustment will be made by DHS. Such retroactive adjustment will be payable by the facility in equal monthly installments over a six (6) month period starting with the month subsequent to the adjustment becoming final. The retrospective adjustment shall be calculated as the excess, if any, of: (1) the product of Medicaid rate in the labor related cost center and the total bed days provided in the facility in each six (6) month period over (2) the facility's actual expenditures in the labor related cost center for each six (6) month period. The difference between the retrospective adjustment as so calculated and three dollars and seventy-one cents (\$3.71) will remain in the facility's rate after June 30, 2002, until the facility's rate is recalculated after its next base period.

TN #01- 012 Supersedes TN#96-007

Effective date: 7/01/01

Approval Date: 8-8-01

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